

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF CARVER

FILED
JUN 08 2016
CARVER COUNTY COURTS

FIRST JUDICIAL DISTRICT
PROBATE DIVISION
Case Type: Special Administration

Court File No. 10-PR-16-46

In re the Estate of:

Prince Rogers Nelson,

Decedent.

**FINDINGS OF FACT, ORDER &
MEMORANDUM AUTHORIZING
SPECIAL ADMINISTRATOR'S
EMPLOYMENT OF ENTERTAINMENT
INDUSTRY EXPERTS**

The above entitled matter came on for hearing via conference call before the Court on June 7, 2016. Appearances were noted on the record. Before the Court is the motion of the Special Administrator for authorization to negotiate with, and potentially employ, entertainment industry experts to assist the Special Administrator in the management and preservation of the wide-ranging intellectual property of the Estate. Minn. Stat. § 524.3-715(21) extends such contractual authority to a Personal Representative. By operation of this Court's Letters of Special Administration, that authority can be exercised by the Special Administrator of the above-captioned Estate. See Minn. Stat. § 524.3-617. Given the statutory and Court authority delegated to the Special Administrator, the Court appreciates the effort taken by the Special Administrator to involve the Court and the potential beneficiaries, although in an understandably limited way given the business dynamic presented by this Estate. This Estate presents unique challenges and opportunities. All are cognizant that the Court appointed the Special Administrator for a limited period of time. Nevertheless, the Court intends for the Special Administrator to take all prudent steps to monetize the Estate's intellectual property, and to raise funds necessary for the administration of the Estate and for the payment of estate taxes.

Accordingly, based upon the record and review of the sealed Affidavits of Craig N. Ordal, the Court hereby makes the following:

FINDINGS OF FACT

1. On April 26, 2016, counsel for the sister of Prince Rogers Nelson, Ms. Tyka Nelson, filed a Petition for Formal Appointment of Special Administrator.
2. The Court approved the appointment on an emergency basis on April 27, 2016. The Court conducted a hearing on the Petition on May 2, 2016 and, after hearing no objection, the Court re-affirmed the appointment of Bremer Trust as the Special Administrator of the Prince Rogers Nelson Estate.
3. The Order of Formal Appointment of Special Administrator provided, in part:

“The Special Administrator has the authority to manage and supervise the Decedent’s assets and determine the identity of the Decedent’s heirs. The appointment shall continue for the lesser of 6 months or until a Petition for General Administration is filed and Personal Representative is appointed.”
4. The authority granted to Bremer Trust to act as the Special Administrator is temporary and will expire no later than November 2, 2016, unless the authority is extended by the Court.
5. A number of potential heirs were identified in the Petition for Formal Appointment of Special Administrator. Several other potential heirs have come forward since the filing of the Petition.
6. A will lawfully executed by the Decedent has not been found; however, the Special Administrator continues a diligent search for a will. If a will is found, the legitimacy of the will may be subject to challenge, litigation and possible appeal.
7. A protocol for genetic testing has been approved by the Court and the Court expects that the identified potential heirs will proceed with genetic testing as deemed appropriate by the

protocol and by the Special Administrator. Other statutory presumptions under Minnesota law, or perhaps under the laws of another state, may also be considered by the Court in determining the actual heir(s) of the Estate.

8. If a will is not found and it is determined that the Decedent died intestate, the actual determination of who will be the Decedent's heir(s) may also be the subject of evidentiary hearings and possible appeals.
9. The deadline for the submission of claims of persons claiming to be an heir of the Decedent has not been set and other claims to be an heir may be filed in the future.
10. The Court agrees with Carlin Q. Williams that the Court and the Special Administrator may have a much better idea of who the heir(s) of Prince Rogers Nelson are in 60 days; however, a final and legal determination of who the heir(s) are will likely take a much longer period of time.
11. Even when the heir(s) of the Estate are determined, those individuals will not likely be in a position to immediately assume the administration of the Estate. It is highly likely that Bremer Trust, or an entity similar in size and expertise, will need to be involved in the administration of the Estate throughout these proceedings.
12. The Court agrees that the Estate must work expeditiously and diligently toward being able to meet the tax obligations of the Estate. The Court recognizes that the Estate will likely not be able to pay the entire tax obligation when it becomes due and some interest and, perhaps, some penalties, are likely before the entire tax obligation is paid. As stated by all counsel who spoke at the hearing, the looming tax obligation is certainly a consideration but it should not push the parties, the Special Administrator and the Court into acting in a manner that is not legally sound, is not prudent, and is not in the best interest of the heir(s).

13. There are business related decisions which need to be made promptly on behalf of the Estate and the Special Administrator needs the advice of industry experts to make these decisions in a prudent manner.
14. This hearing is based upon the factual basis set forth in the written record and the argument of the parties and of counsel. The primary written record consists of the Affidavits of Craig N. Ordal, which were filed under seal. Mr. Ordal states in paragraph 8 of the Affidavit of Craig N. Ordal dated June 2, 2016 that:

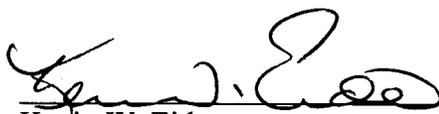
“The Special Administrator seeks Court approval to hire the following entertainment industry experts for an initial period of 90 days under contacts that are renewable upon mutual consent of the parties.”
15. The Special Administrator will only have the authority to renew these contacts during the term of their appointment.
16. There is no other written record that indicates the need, at this time, to enter into longer term contacts.
17. It is the Court’s understanding that the Special Administrator and the identified “industry experts” may find it necessary, and in the best interest of the Estate, to enter into longer term contacts regarding, among other things, licensing and publishing of intellectual property and the management of tangible property including Paisley Park.
18. The Special Administrator has not been granted, and the Court will not grant at this time, the authority to enter into contractual relationships that will extend beyond the term of the Special Administration. To do so would usurp the control of the Estate by the heir(s) and the Court.

ORDER

1. The Special Administrator is authorized to negotiate with the entertainment industry experts identified in the Ordal Affidavit regarding their potential employment to advise and assist the Special Administrator, and as contemplated by Minn. Stat. § 524.3-715(21), "to perform any act of administration, whether or not discretionary";
2. The Special Administrator is also authorized to enter into employment or other contractual relationships with the identified entertainment industry experts on terms and conditions which the Special Administrator determines to be reasonable and beneficial under all of the circumstances, provide that: (a) the term of employment of any entertainment industry expert shall be limited to the period of up to and including November 2, 2016; and (b) no entertainment or intellectual property exploitation agreement in which the Estate grants rights that extend beyond November 2, 2016 shall be entered into without first providing a copy of the proposed agreement to counsel for the potential heirs for review and comment and without prior Court approval. Any comments by potential heirs must be provided to the Special Administrator and the Court within five days of receipt of the proposed agreement.

BY THE COURT:

Dated: June 8, 2016



Keyin W. Eide
Judge of District Court

MEMORANDUM

By the issuance of this Order, the Court does not intend to impede or slow down the work of the Special Administrator. The Court will consider the approval of longer term contracts after the parties have offered input. The Court also intends that contracts entered into by the Special Administrator shall be renewed, if in the best interest of the Estate, well before November 2, 2016, to avoid interruption of the services being provided to the Estate. However, it is the Court's hope that, by that time, we will have a better idea of who the likely heirs at law are, and they can be more involved in the continuation of the services of Bremer Trust as well as the entertainment industry experts.

K.W.E.